



INTERNAL AUDIT REPORT

AUDIT FINDINGS

FOLLOW-UP



December 14, 2004

Roanoke City School Board Audit Committee
Roanoke, Virginia

We have completed our findings follow-up audit for fiscal year 2004. This audit was conducted in accordance with generally accepted government auditing standards.

BACKGROUND

At the conclusion of each audit assignment, we work with management to develop action plans to address reportable conditions such as significant control weaknesses, non-compliance with policies and procedures, and violations of laws and regulations. Our department is required by government auditing standards to follow-up on all significant findings to determine if issues from the original audit were appropriately addressed. To satisfy this requirement, we maintain a database of all audit findings reported to the School Board and any associated recommendations and action plans.

In August of each year, we print a report of all open findings due to be implemented by June 30th of the current year. We issue memos to the departments involved and ask that they respond back to us regarding their progress towards resolving their findings. Once we receive responses from the departments, we schedule site visits to verify the effectiveness of the changes implemented. Those findings that have been satisfactorily addressed are "cleared" in our database and require no future review. Those findings in which the planned actions have not yet been fully implemented are left open in the database and will be reviewed again the following year.

PURPOSE

The purpose of this audit is to determine if action plans due to be implemented by June 30, 2004, were effectively executed and satisfactorily resolved the associated audit concerns.

SCOPE

We reviewed the status of action plans in Student Services, Transportation, Food Services, and Building Maintenance.

METHODOLOGY

As described in the background above, we used a database to track the status of all reported audit findings. We performed limited inquiry, observation, and test work to determine the effectiveness of actions taken by management in response to audit findings.

RESULTS

There were nine audit findings involving four departments that were due to be addressed by June 30, 2004. Based on the results of our audit work, we have cleared all nine findings.

Food Services:

Original Finding 1: One person at each school was responsible for all aspects of food inventory at the school. Food Services had assigned Coordinators the responsibility for performing regular reviews of inventory at each school as a check and balance; however, the reviews were not documented.

Follow-Up 1: Food Services Coordinators are now following a prescribed format for auditing inventory at the schools and are documenting their results on audit logs.

Original Finding 2: Packaged food was not date stamped when received. This increased the risk that inventory would not be kept on a first-in, first-out basis and that past date items would not be promptly discarded.

Follow-Up 2: The cafeterias are now date stamping inventory at the time of delivery.

Transportation:

Original Finding 3: Transportation was not performing annual evaluations of bus routes required to address issues of fuel conservation and maximum use of the buses.

Follow-Up 3: The SMARTR routing software installed in October 2003 has now been configured and loaded with street, building, and student information. The software was used to establish bus routes for the 2004 – 2005 school year. Transportation anticipates additional training and experience with the software will be required to achieve optimal utilization of its capabilities.

Original finding 4: Time worked and paid leave reported by Transportation was incomplete.

Follow-Up 4: We tested hours and leave reported for 30 employees in two different pay periods and found that hours worked and leave time were accurately reported.

Original Finding 5: Parts purchased by purchase order were not adequately identified with a work order or as a stocked part. The garage also did not maintain a record of stocked inventory.

Follow-Up 5: We verified that Transportation now cross references purchase orders for parts purchases to the related work orders on which the parts are used. The garage is also maintaining an inventory of their stock using an MS Excel spreadsheet.

Our suggestions for additional controls that include parts purchased with purchasing cards were communicated in a separate letter to management.

Student Services:

Original Finding 6: Individual building level safety audits were not being conducted according to the Safety Audit Protocol prepared by the Virginia Department of Education.

Follow-Up 6: We reviewed the safety audits completed in 2003/04 for the two high schools, two middle schools, and four elementary schools. We found that the audits were conducted by individuals who were independent of the school being audited. We also found that the audit teams conducted their audits using the VDOE Safety Audit Protocol as required by *Roanoke City School Board Policy EB* and section 22.1-279.8 of the Code of Virginia.

We provided suggestions for refining the safety audit process in a separate letter to management.

Building Maintenance:

Original Finding 7: The vendor listing from which Maintenance selects vendors to provide quotes for small construction work contained unlicensed contractors and had incomplete listings (no phone number, address, contact person). Seven small construction jobs were awarded to vendors not on the listing. Three jobs were awarded to contractors who did not hold the appropriate licenses. Required permits were not obtained by the contractors on four school jobs.

Follow-Up 7: We reviewed the entire vendor listing and found all listings had complete information, including the contractor's license number and classification, work specialty, and contact information. We reviewed a sample of ten (10) small construction awards and found that the contractors were appropriately licensed, obtained the proper permits, and were on the vendor listing.

Original Finding 8: Materials and labor were not accurately recorded in the work order system and productivity reports indicating high productivity could not be supported based on available data. Responses to work requests did not meet department standards for timeliness in 25% of work requests sampled.

Follow-Up 8: Maintenance has developed a work order application in MS Access based on freeware downloaded from the Internet. The application is networked and provides basic work order functionality. Work requests are entered into the system and assigned a priority code. The system numbers the work order, which can be assigned to staff designated by the operator. Employees now maintain a log of their work time by work order on a daily time sheet. The time sheets are turned in daily to the system operator, who enters the labor against the proper work orders. We tested ten completed work orders and determined that responses to work requests have met department standards. The labor and materials reported for each work order appear reasonable. We reviewed a report showing hours worked by tradesman each month, July through October. We tested the totals by reviewing three employees' time sheets over the four months reported. The results of our analysis indicated that productivity numbers are accurately reported.

Original Finding 9: The record of small equipment inventory in Maintenance was incomplete.

Follow-Up 9: A fixed asset audit earlier in 2004 indicated records of small equipment throughout the school system, including Building Maintenance, were inadequate. The original finding cited in the 2002 Building Maintenance audit will be closed, and the new finding from the 2004 fixed assets audit will be followed up in 2005.

We would like to thank the employees, managers, and administrators for their cooperation and assistance in completing the follow-up audit.

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